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1978 Oil and Meal Trade Seen Rebounding as Supplies, Demand Rise

By Alan E. Holz

Continuing the wide swings of recent years, world production of meals and oils will hit an alltime high in 1978, abruptly alleviating the short supply situation of 1977 but also providing increased competition for U.S. exporters. This first of two articles on the meal and oil outlook takes a look at world supply and demand. The second, scheduled for a forthcoming issue, will look at developments among major U.S. competitors and customers.

Rows of U.S. soybeans—now among the leading U.S. agricultural exports.

In contrast to market tenseness earlier this year over tight supplies of oils and meals, relative abundance and rebounding demand characterize the 1978 production and trade outlook for these products.

World outturns of both meals and oils are forecast to hit new highs next year in response to larger 1977 oilseed harvests in major producing nations such as the United States and Canada and prospective 1978 crop gains in Brazil, Argentina, and Malaysia. As a result, supplies of both meals and oils should be sufficient to meet increased demand while allowing a cushion of reserves.

Import demand for meals and oils, in turn, should be enhanced by more moderate prices in comparison with the high prices of early 1977 and improving economic conditions in several major markets. On the meal side, demand also will be stimulated by improved feed profitability ratios among livestock producers, with consequent prospects for increased livestock feeding, and by competitive prices for soybean meal vis-a-vis grains.

Imports from the United States—the world's largest exporter of oilseeds and products—should benefit from the weakening of the U.S. dollar against foreign currencies in major markets such as Japan and West Germany, which now are paying less for U.S. products than they were a few months ago.

Still, other factors may combine to retard growth in value of U.S. exports. Larger meal and oil supplies in competitors such as Brazil, Argentina, Malaysia, and the Philippines may lead to further erosion of U.S. market shares, which already have suffered from the strong competitive thrust of these nations in recent years. Preliminary USDA projections, for instance, show that U.S. export growth as a percentage of production growth next year will drop dramatically from the 1965-75 trend, both for oil and meal, as shown in the following tabulation:

	1965-75 trend	*1978*
Meals:		
U.S.	73	13
Foreign	22	59
World	49	25
Soybean ..	67	24
Other	–74	27
Oils:		
U.S.	80	10
Foreign	22	30
World	34	21
Soybean ...	47	15
Other	26	25

And while volume of U.S. oilseed and product exports may rise 10 percent, value of such exports during fiscal 1978 (Oct.-Sept.) is seen falling 22 percent below that of 1977 to $5 billion as a result of lower unit prices. This sharp decline, in turn, will account for a large part of the expected $2-billion drop in U.S. farm exports during fiscal 1978.

Meal. World production of

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[1] Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, sesame, and palm kernel meals, expressed in terms of 44 percent soybean meal equivalent. Data compiled as of November 11, 1977, include revisions in U.S. output indicated in November crop report. Meal production estimates are calculated on the basis of assumed meal extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings. Northern Hemisphere crops harvested in the second half of 1977 are combined with estimates of Southern Hemisphere crops yet to be harvested in the first half of 1978.

oilseed meals in calendar 1978[1] is forecast at 78.9 million metric tons, soybean meal equivalent (SME)—12.5 million above the reduced 1977 volume and 6.2 million above the 1976 record. Adding in the reduced U.S. carry-in stocks of 2.5 million tons of soybeans and meal, SME, puts total meal supply at 81.3 million tons—4.4 million above the 1976 record.

World meal output thus may be some 9.4 million tons, or 14 percent, above the 1977 apparent world meal consumption (production less U.S. stock changes.) This should allow ample room for consumption growth without dangerous reductions in stocks, since consumption gains during 1965-77 averaged 2.4 million tons annually. (The largest year-to-year advance recorded so far was 8.3 million tons in 1970.)

Accounting for the bulk of this expansion is a 9.3-million-ton jump in U.S. output to 37.3 million tons—the combined result of record 1977 soybean and sunflowerseed harvests, as well as a larger cottonseed crop. In 1978, U.S. meal production could account for about 47 percent of world meal output, against 42 percent in 1977, 46 in 1976, and 49 in 1974.

Foreign meal production likewise will show an above-trend gain of 3.3 million tons, following an 860,000-ton decline in 1977. Foreign production has declined only two other times since 1965, 1969 and 1973 and both shortfalls were followed by supercharged gains in U.S. production and exports the following year.

Because of the large U.S. increase expected for 1978, foreign meal production will account for only about one-fourth of the total increase in world output, compared with nearly half of total gains in yearly output during 1965-75.

This expanded meal supply, together with moderating prices, should contribute to above-trend growth in meal exports during 1978, following the setback this year caused by short supplies and high prices. Current forecasts place world exports at 35.8 million tons—3.1 million above the reduced 1977 volume.

Combined U.S. exports of oilseeds and meals are forecast at 18.3 million tons, SME, or only 1.2 million tons above those of 1977. With this anticipated advance well below the 9-million-ton increase seen for U.S. production, U.S. supplies of meal appear likely to increase markedly from the low level of 1977. A significant gain in U.S. consumption of meal also is in prospect.

Since 1965, U.S. exports have trended upward by about 920,000 tons, SME, a year, although export gains have been as high as 3.4 million tons—recorded in both 1970 and 1976.

Foreign meal shipments in 1978 are expected to rise by 1.9 million tons to 17.5 million tons, SME—exceeding the U.S. export gain for the first time in recent history—following an estimated dip of 600,000 tons in 1977.

Shipments of soybeans and meal—the largest component of world oilseed and meal trade—are forecast to rise 2.4 million tons above the reduced 1977 volume to 27 million tons. Combined exports from the United States and Brazil will account for nearly 26 million tons of this total.

In addition to soybean and meal, export gains are seen for sunflowerseed from the United States, sunflowerseed meal from Argentina, and peanut and cottonseed meal from India.

On the demand side, a number of factors are working in favor of increased imports of meal this year, including supplies from the United States. Among these factors are—

- Increased meal availabilities at significantly lower prices;
- Increased livestock numbers;
- Improved livestock feed profitability ratios;
- Lower meal prices relative to grain than last year's;
- Improved profit margins for oilseed crushers;
- Improved economic conditions in a number of major markets;
- Appreciation of foreign currencies of several major U.S. markets against the U.S. dollar;
- Some shortfall in domestic oilseed production in protein-deficit countries such as France, Spain, and Poland.

In response to a recent questionnaire, the U.S. Agricultural Attachés in 12 selected major markets gave their appraisals of 1977/78 import requirements for soybeans and meal, based on current price assumptions. These projections show combined imports of soybeans and meal at 19.8 million tons, SME, up 4 percent or 763,000 tons from those of 1976/77. In 1976/77, such imports gained by only 133,000 tons, reflecting tight supply and relatively high prices.

With meal prices below those of a year ago and more favorable livestock feed profitability ratios, the above forecast could prove to be conservative.

In addition, both the USSR and the People's Republic of China (PRC) are expected to import soybeans in 1977/78 although the extent of such imports is still uncertain. (The PRC has already bought small quanti-

"Foreign production has declined only two other times since 1965, in 1969 and 1973, and both shortfalls were followed by supercharged gains in U.S. production and exports the following year."

ties of U.S. soybeans and oil, and further purchases are expected.)

Assuming that these two countries together might import 1.2 million tons of soybeans and meal, SME, puts total import requirements for 14 major markets at 21 million tons, SME—an increase of less than 500,000 tons from those of 1976/77. This leaves some 4 million tons for export to other markets, or nearly 2 million tons more than in 1976/77. Meal imports by these countries could well exceed this volume, as in 1975/76; however, it might require a meal/grain price ratio more in line with that season's.

Oil. World production of fats and oils [2] during 1978 is forecast at 53.4 million tons—up 5.5 million tons from the reduced 1977 volume and 3.9 million from the large 1976 outturn. This gain will put fats and oils production some 4.7 million tons above the 1977 world oil consumption estimate (world consumption less U.S. stock changes). It also leaves ample room for consumption growth next year since the gain is about four times the recent annual increase in consumption.

As with meal, the United States will have a record oil outturn—an anticipated 13.6 million tons or 2.5 million more than the low 1977 volume and 1.2 million above the 1974 record.

Foreign production of fats and oils also is expected to show an above-trend increase, rising about 3 million tons above the 1977 level to around 39.8 million tons. Combining to make this increase possible are anticipated gains in output of sunflowerseed, rapeseed, soybean, cottonseed, palm, and linseed oils. In addition, olive oil should be on a cyclical upswing, and animal fat output will probably register above-trend gains.

These production increases have raised prospects of record world fats and oils exports (including the oil-equivalent of oilseeds) of 17.4 million tons—1.2 million tons above the 1977 volume. This will continue—and accelerate—the sustained above-trend exports evident since 1975.

Yet prospects for expansion in U.S. exports of fats and oils this year have been dulled by accelerated growth in foreign exports of fats and oils, especially palm oil. Combined U.S. exports of fats and oils are forecast at 5.8 million tons for only a 240,000-ton increase from those in 1977.

This relatively modest advance will leave the United States with a smaller share of world trade than in 1977, while foreign exports of fats and oils—forecast to reach 11.6 million tons—resume the steep growth trend apparent in 1975 and 1976.

World exports of soybeans and oil are forecast at just over 5 million tons—330,000 tons above exports in 1977. This gain, however, will account for less than 30 percent of total expansion in fats and oils exports, whereas soybean oil exports during 1965-75 exceeded the combined export growth for all other oils.

Apparent consumption of oil in the foreign sector has been trending upward at about 1.12 million tons per year, with net trade from the United States accounting for about one-sixth of that increase and 11 percent of apparent foreign oil consumption.

One unknown—but potentially important—factor on the demand side is how much consumption growth will take place in developing countries. India this past fiscal year gave some indication of the great potential in these areas, when it purchased more than 800,000 tons of soybean oil, compared with only 190,000 in fiscal 1976, in response to a reduced domestic oilseed crop and increased availability of foreign exchange.

Demand for fats and oils in the centrally planned countries also may hold potential for growth, given the low per capita consumption levels there. But near-term changes are not expected to be nearly as dynamic as the recent Indian situation. □

[2] Includes vegetable, animal, and marine oils. Calculated on the basis of assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings.

Production and Exports of Meals and Oils, Annual 1973-78

[In million metric tons]

Item	United States	Foreign	World	Soybean	Other
Meals: [1]					
Production: [2]					
1973 [3]	28.50	29.60	58.10	33.30	24.80
1974	34.08	34.87	68.95	42.14	26.81
1975	27.08	37.28	64.36	37.36	27.00
1976 [4]	33.50	39.15	72.65	45.65	27.00
1977 [5]	28.03	38.29	66.32	40.66	25.66
1978 [6]	37.30	41.56	78.86	50.53	28.33
Exports: [7]					
1973 [3]	15.25	10.71	25.96	18.14	7.82
1974	16.37	11.27	27.64	20.39	7.25
1975	14.07	13.52	27.59	20.07	7.52
1976 [4]	17.44	16.15	33.59	24.90	8.69
1977 [5]	17.11	15.55	32.66	24.66	8.00
1978 [6]	18.28	17.48	35.76	27.03	8.73
Oils: [8]					
Production: [2]					
1973 [3]	10.64	32.26	42.90	7.41	35.49
1974	12.36	35.09	47.45	9.38	38.07
1975	10.12	36.41	46.53	8.32	38.21
1976 [4]	12.10	37.40	49.50	10.16	39.34
1977 [5]	11.09	36.85	47.94	9.05	38.89
1978 [6]	13.55	39.84	53.39	11.25	42.14
Exports: [9]					
1973 [3]	4.56	8.77	13.33	3.25	10.08
1974	5.15	8.47	13.62	3.81	9.81
1975	4.19	9.50	13.69	3.53	10.16
1976 [4]	5.05	10.68	15.73	4.50	11.23
1977 [5]	5.55	10.68	16.23	4.73	11.50
1978 [6]	5.79	11.59	17.38	5.06	12.32

[1] Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, and palm kernel meal expressed in terms of 44 percent soybean meal. [2] Calculated from assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crush. [3] Annual changes for 1973 were calculated from 1965-75 trend. [4] Preliminary. [5] Estimate. [6] Forecast. [7] Includes the meal equivalent of seed exports. [8] Includes animal, vegetable, and marine oils and fats. [9] Includes the oil equivalent of seed exports.

U.S. Still Taiwan's Major Grain Source

Maintaining its high standing as a supplier of grain to Taiwan, in calendar 1976 the United States provided a record 45 percent of Taiwan's corn imports of 1.86 million tons—also a record—85 percent of its wheat imports of 599,000 tons—about equal to the average of the past few years, and about one-third of its barley imports of 333,000 tons.

Except for its rice crop—which for the past several years has been of bumper proportions and sufficient to meet domestic needs—Taiwan's foodgrain and feedgrain production is relatively insignificant, and with the steady rise in population, greater stress is being laid on imports.

Taiwan's grain production in calendar 1976 totaled 2.6 million tons, including 2.4 million tons of rice, 114,000 tons of corn, and 14,000 tons of grain sorghum.

By comparison, the country's grain imports totaled about 3 million tons.

Imports/Exports. Although Taiwan's 1976 wheat imports were 10 percent larger than those of 1975, it is expected that the 1977 total will be larger still. The United States and Australia have traditionally been Taiwan's two wheat sources, with the United States supplying the larger share. It is probable that over the long term, these two will remain Taiwan's only wheat sources.

The market for wheat foods is expected to expand over the next several years and will probably level off in the neighborhood of 750,000 tons annually. There is no indication that wheat will be used for feed. At the present time, wheat is restricted to the manufacture of flour-based products, even when the wheat price is competitive with that of other carbohydrate feed ingredients.

Taiwan's corn imports in calendar 1976 were 34 percent larger than 1975's peak of 1.4 million tons. In addition to the 45 percent supplied by the United States, South Africa provided 23 percent; Thailand, 21 percent; and Indonesia, 10 percent.

Under the March 1976 pact, signed with nine U.S. exporters, Taiwan was to have purchased 450,000 tons of corn annually for the next 5 years. But so far the suppliers have shipped far more than that amount.

Taiwan also signed an agreement with Thailand in July 1977, covering shipment of 250,000 tons of corn by January 1978. However, because of drought in Thailand, Taiwanese corn importers have been notified that only half the agreed amount will be delivered.

The "5-year" Sino-South African corn purchase agreement signed in September 1975 is still in effect and, according to this agreement, South Africa is to supply Taiwan with 450,000 tons annually.

Corn imports in 1977 have been influenced by stronger than expected recovery in the hog and poultry industries, and early year estimates have been pushed upward. Feeding of corn also has reacted to rising per capita incomes, a temporary ban on beef imports, and large increases in pork shipments to Japan.

Barley imports are expected to continue at about the present 300,000-ton level, if its present price relationship with corn is maintained. The relationship between grain sorghum and corn will probably result in a continued rise in sorghum imports, with a matching drop in corn imports.

After five consecutive bumper rice harvests, stocks in Government storage have increased to about 770,000 tons. There have been strong efforts over the past several months to sell some of this grain on the export market. After lengthy negotiations, Indonesia agreed to buy 200,000 tons of rice for $220 per ton, f.o.b. Taiwan ports.

Since the Taiwanese Government paid a farm price of about $420 per ton (milled equivalent basis), the Government is subsidizing these shipments at a rate of about $200 per ton. The Taiwanese Government has offered another 50,000 tons of old-crop rice to domestic feed manufacturers for about $137 per ton.

Feed use of rice in Taiwan is not generally significant, but it is possible the Government may force feed millers to buy additional quantities of old-crop rice if export outlets cannot be found for surplus rice.

If rice production in the next two harvest seasons attains projected levels, it is likely that Taiwan will have additional rice to export in 1978.

Production. Output of most grains, except rice, will probably remain minimal over the long term, since farmland available for production is extremely limited and farmers are interested in growing crops that bring a better income.

Domestic demand for corn is growing but production for 1977 is targeted at only 148,000 tons, representing less than 10 percent of projected 1976/77 consumption. While limited land area is one of the major factors in the corn production holddown, the current rice support price enables farmers to earn better incomes from rice production than from corn, also contributing to the small crop.

Faced with an increasing need for feedgrains, and with the land shortage, Taiwan has been considering the possibility of producing grain overseas for shipment back to Taiwan. A quasi-Governmental organization, the Overseas Grains and Oilseed Development Corporation, was formed in June 1977 to promote such production. Preliminary negotiations have been undertaken with Indonesia for experimental joint-venture farming, but decisions reached in the planning stage are still unannounced. □

Based on report from Frank W. Waddle, U S. Agricultural Attaché, Taipei.

World Food Prices: Rate of Rise Slows In Most Countries

Food prices in 15 selected countries during recent weeks generally have increased at a decelerating pace. Reports range from declines in the food price indexes (FPI's) of the United States and West Germany to smaller advances in the FPI's of the other countries surveyed by FAS.

By Sidonia R. DiCostanzo, Special Projects Division, FAS.

In the United States, September's FPI recorded the first decline since November 1976. Lower prices for fresh fruits and vegetables accounted for much of the decrease.

West Germany's FPI for September was 0.7 percent below the previous month's level and 2 percent below the index published 3 months earlier.

In meat sections of food stores shopped in 15 capitals, better cuts of beef generally were cheaper on November 2 than on September 7, the date of the previous price survey.

In Brussels, however, retail beef prices were at high levels, with chuck roast up 2.7 percent from the September level to a new high.

Fresh pork prices in the Belgian capital were 2.4 percent lower in November than in September, and chops and boneless loin were 9 percent below the record levels of September 1976. However, bacon prices were up 3.8 percent from the September level to a new high.

In Brazil, fresh beef again was available in the major consuming centers of Brasília, Rio de Janeiro, and São Paulo—and at prices comparable to those posted in September for frozen beef.

Meat prices in Buenos Aires on November 2 were higher than those of 2 months earlier, following increases in cattle prices.

The recent easing of beef prices in London is attributed largely to expanded imports of meat and slaughter cattle from Ireland. Reduced wholesale prices of pork have not been fully reflected at the retail level.

Broiler prices in Brussels were down 8.3 percent from the abnormally high level reached 2 months earlier.

In London, broiler prices continued the downward trend that has been evident there since July.

Food Price Index Ch

Country	Latest month
Argentina	Sept.
Australia	Sept.
Belgium	Sept.
Brazil	Sept.
Canada	Sept.
Denmark	Sept.
France	Sept.
Germany	Sept.
Italy	Sept.
Japan	Sept.
Mexico	Sept.
Netherlands	Sept.
Sweden	Sept.
United Kingdom	Sept.
United States	Sept.

[1] Based on official price indexes.

FAS Survey of Retail Food Prices in Selected World Capitals, November 2, 19

[U.S. dollars per kg [1] or units as indicated, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, Yellow
Bonn	10.02	6.88	5.34	9.79	(2)	7.67	2.08	1.25	3.36	2.05	4.55	0.45	1.82	0.83	0.86
Brasília	1.59	1.39	2.66	4.99	4.88	6.42	1.36	.66	2.90	1.26	4.69	.26	.94	.45	.39
Brussels	9.76	5.46	4.69	4.86	7.14	3.90	2.50	1.42	4.21	1.82	4.81	.51	1.39	1.02	.34
Buenos Aires	1.67	.95	1.48	(2)	(2)	3.09	1.48	.66	2.96	1.69	4.00	.21	1.49	1.55	.21
Canberra	3.83	1.87	3.83	3.79	5.19	4.80	2.25	1.12	2.13	2.06	3.99	.45	1.58	1.47	.55
Copenhagen	12.83	5.58	7.41	7.74	5.07	5.70	2.30	1.60	3.26	1.59	5.19	.48	2.11	1.64	.81
London	6.89	3.48	3.56	3.00	3.73	3.89	1.58	.88	2.11	1.70	2.75	.37	1.53	1.13	.32
Mexico City	2 30	2.25	2.03	2.47	(2)	2.44	1.63	.51	2.93	1 50	6.04	.29	.89	.42	.31
Ottawa	3.55	2.18	3.57	3.55	4.77	3.49	1.78	.82	2.57	1.98	3.77	.50	1.52	1.38	.46
Paris	7.31	4.32	(2)	5.56	6.37	8.48	1.93	1.49	3.82	1 12	3.68	.40	1.24	.77	.28
Rome	7.98	6.86	4.43	4.43	4.88	3.98	2.49	1.23	3.78	1.82	3.97	.44	1.07	.89	.63
Stockholm	11.00	6.78	5.67	9.79	6.97	6.38	3.12	1.58	3.02	2.17	4.64	.37	4.45	1.73	1.11
The Hague	9.91	5.78	5.38	6.42	5.35	7.83	2.01	1.17	3.63	1.21	4.77	.43	1.37	.90	.29
Tokyo	33.41	17.37	7.07	8.21	10.95	7.68	3.33	1.16	5.44	3 17	3.95	.92	1.99	2.28	.78
Washington	4.67	2.40	4.39	4.01	5.05	3.79	1.10	.76	3.24	1.85	5.53	.52	1.90	1.68	.40
Median	7.31	4.32	4.41	4.93	5.13	4.80	2.01	1.16	3.24	1.82	4.55	.44	1.52	1.13	.40

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 quarts. [2] Not available. Source: U.S. Agricultural Attachés.

Ottawa's broiler prices were steady, but the Canadian Egg Marketing Agency has rolled back egg prices for the second time this year, citing lower feed costs.

In Rome, eggs were priced at $1.23 per dozen—a near-record high.

In Brussels, prices for Gouda cheese were 8 percent lower than in September—the lowest price level for this popular cheese since September 1976.

Prices for dairy products in Buenos Aires were higher in November than in September, following a rise in the price of milk to producers.

Of the 15 capitals, 14 reported lower prices for cooking oil, following low world prices for soybeans several months ago.

Potato prices were relatively low in most European capitals because of abundant supplies from this year's huge European crop. Elsewhere, potato prices were slightly higher in November than in September.

Rice was costlier on November 2 than on September 7 in 10 of the 15 capitals, reflecting recent strength in world market prices.

Sugar prices generally were steady during the 2-month period, with only six capitals reporting slight upward price trends. □

Selected Countries [1]

Percent change from Prev. month	Three months	One Year
+8.5	+26.5	+176.6
+1.0	+ 3.2	+ 12.5
+1.8	+ 1.4	+ 4.9
+1.6	+ 5.8	+ 42.8
+ .2	+ 2.8	+ 11.1
+1.0	+ 3.3	+ 11.3
+1.0	+ 3.4	+ 12.8
– .7	– 2.0	+ 5.2
+1.6	+ 3.9	+ 19.5
+2.6	+ 3.2	+ 6.5
+2.4	+ 5.2	+ 33.4
+ .2	+ .6	+ 5.4
+ .4	+ 2.7	+ 17.3
+ .3	– .7	+ 17 1
– .4	+ .5	+ 7.1

les	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
89	3.72	0.70	1.74	0.62
82	.53	.79	.44	.35
08	1.74	.87	1.00	.91
64	.61	.70	.78	.76
10	1.22	.86	.74	.38
15	1.96	1.33	1.36	1.38
85	1.98	.57	.85	.50
88	.29	.47	.50	.27
98	1.93	.72	1.20	.42
02	1.35	1.03	1.06	.57
75	1.37	.66	1.19	.70
20	2.88	1.80	1.16	.79
52	2.29	.53	.95	.69
68	5.89	1.11	1.21	.97
93	1.84	1.06	.71	.51
98	1.84	.79	1.00	.62

Data Qualifications

Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attaches on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

Brazil's Cotton Yield, Output Up

Brazil is expecting its best cotton crop in 3 years in 1976/77 (August-July). Exports of lint cotton continue to move downward, and textile exports to climb.

Cotton production has trended down since the record crop of 718,000 metric tons in 1968/69 (August-July), as increasing numbers of farmers turn to soybeans and food crops.

However, improved yields have boosted the estimate for Brazil's 1976/77 cotton crop from 490,000 tons (lint basis) to 544,000 tons, substantially larger than the 395,000 tons produced during the previous season and the 480,000 tons forecast for 1977/78.

Exports of lint cotton during the 1976/77 year totaled approximately 27,000 tons—about a third of the preceding season's. Cotton exports during 1977/78 are expected to total about 35,000 tons.

To step up the rate of exports, the Government in June initiated an 8 percent export subsidy to bring the generally high domestic price of cotton more into line with world prices. Also with exports still moving slowly, the export subsidy was increased to 20 percent on October 26.

Brazil's exports of lint cotton have declined steadily over the past 8-9 years—from 421,000 tons in 1969/70 to an estimated 27,000 tons for 1976/77.

On the other hand, exports of yarn and textiles have increased significantly during the same period, in line with the Government's processed export policy.

On a marketing year basis, cotton consumption in 1975/76 amounted to about 420,000 tons, and consumption during 1976/77 should total 430,000 tons, 20,000-30,000 tons below previous estimates.

According to industry sources, Brazil's textile industry grew by 5 percent in calendar 1976. Raw material consumption amounted to about 700,000 tons; 420,000 were cotton.

Growth during 1977 may not match the 1976 rate, and there are some indications that the industry may be faced with a recession resulting frim a drop in domestic sales.

Carryover stocks at the end of the Brazilian 1975/76 marketing year (February-January) were estimated by the trade at about 125,000 tons.

The outlook for cotton production in southern Brazil—which accounts for 60-70 percent of the country's total cotton production—depends on prices and profits for cotton compared with those for soybeans and other food crops.

Although the 1977/78 support price is up 28.5 percent from the previous season's level, producers are dissatisfied because of mounting production costs. Also, domestic cotton prices began to decline in September 1976 and the heavy stocks acted as a further depressant.

On the other hand, the increase in the minimum support price from 1976/77 to 1977/78 for competitive crops has been lower than for cotton—16.9 percent for soybeans and 22.8 percent for corn. □

Based on dispatch from Edmond Missiaen, U.S. Agricultural Officer, São Paulo.

Romania Remains in Feed-Protein Deficit

Despite a record grain crop last year and increased imports of U.S. soybeans, Romania continues to be "very deficit" in protein feeds to support its burgeoning livestock industry, U.S. Agricultural Attaché Robert J. Svec recently told *Foreign Agriculture*.

To help Romania meet its growing feedgrain requirements, the American Soybean Association (ASA)—a foreign market development cooperator of the Foreign Agricultural Service—has been working with Romanian feed industry. This, in turn, could lead to additional participation by other FAS cooperators, provided there is a matchup of interests with Romanian agricultural officials.

"Romania's rapid increase in livestock numbers has brought a corresponding expansion in feed requirements. Over the past few years, Romania has been a net exporter of wheat. On the feedgrain side, however, the situation has been relatively tight because of the fast growth in livestock products.

"In addition, Romania continues to be in a very deficit position in terms of its need of protein feeds while trying to expand domestic production of various types of proteins," said Svec, who recently completed a 2-year assignment at Attaché in Belgrade, responsible for both Yugoslavia and Romania. He currently holds the same post in Kaula Lumpur, Malaysia.

As of January 5, 1977, Romania's livestock included 6.3 million head of cattle, 10.2 million hogs, 14.7 million sheep and goats, and 91.4 million poultry. During the past 2 years, livestock numbers have risen sharply, with increases of 6.1 percent for cattle, 19 percent for hogs, and 35.1 percent for poultry.

"While these increases were impressive, they were still below plan," Svec cautioned.

"Not only do shortages of forage crops, grains, and protein feeds occur, but the low quality of feed continues to cause nutritional problems and reduce feeding efficiency. For example, protein quality is a problem because of protein sources that are often low in certain essential amino acids. In addition, improper processing methods, such as overcooking of soybean meal can damage protein quality." (Because of the consistent poor quality of feed, it takes pigs 30 to 40 days longer to reach the desired market weight of 110 kilograms than it does in the United States.)

"Nevertheless, Romania plans to expand livestock production during the current Five-Year-Plan (1976-80), although continuing shortfalls in feed supplies could slow down this growth."

Despite these problems, Romania has made great strides in production of meat and other livestock products. During the last 6 years, meat consumption reportedly has increased 12 percent annually—and this growth rate is planned through 1980.

"Raising per capita meat consumption and expanding export markets are important parts of the latest 5-year plan," said Svec.

Because of the continued pressure on feed supplies, concentrates are often rationed, with hogs and poultry getting priority.

In 1976, Romania produced about 6 million metric tons of mixed feed. Of this, 63 percent was allocated for hogs, 26 percent for poultry, 8 percent for cattle, and 3 percent for sheep.

In 1980, the Romanian mixed feed industry hopes to produce 8-9 million tons of feed, with 50 percent going to hogs, 21 percent to poultry, 20 percent to cattle, 4 percent to sheep, and 5 percent to other animals.

Another problem in the feed livestock economy, both on the grain and feed protein sides, is the quality of crops. Although last year's corn crop was a record 11.7 million tons, 15-20 percent of that crop was lost because of lack of storage space and drying facilities.

Also, the crop was harvested under very wet conditions and there was some trouble with various types of molds, Svec said.

Recently Romanian officials indicated that animal weight gains suffered, and animal reproductive problems were experienced in trying to use the poor-quality corn as feed.

Inadequate feed supplies—as well as the low quality of cattle—resulted in an average milk yield of only 1,636 liters in 1975, despite major emphasis on the dairy sector.

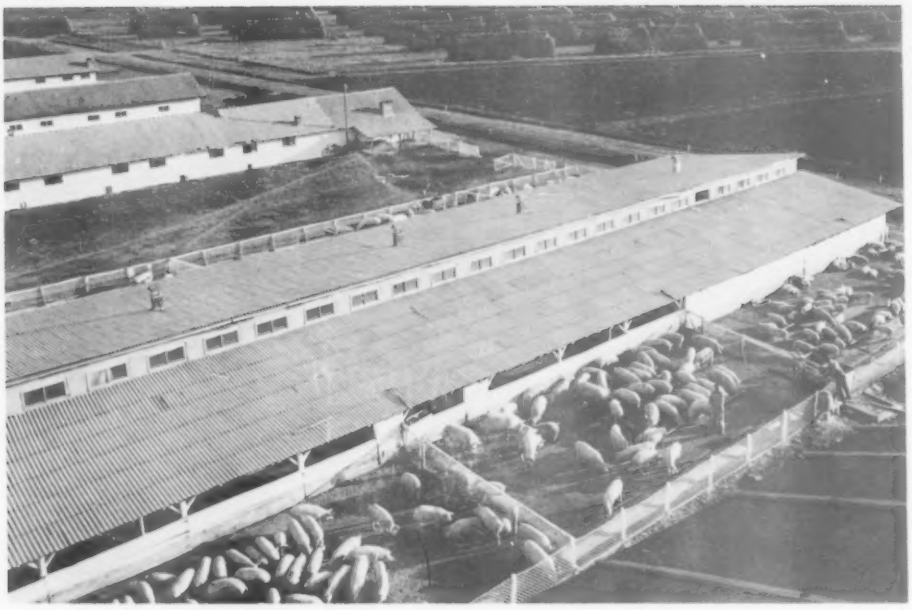
To help overcome those obstacles, Romania is turning toward the United States. "Until a few years ago, FAS market development cooperators were not active in Romania. However, because of the country's increased need for feed, as well as problems with crop quality, a number of cooperators feel there are opportunities in Romania.

"To date, the American Soybean Association has been the most active FAS cooperator in Romania. During the past year, ASA has done some work in the mixed feed and soybean oil areas," said Svec.

Between October 1976 and June 1977, ASA officials staged four seminars in Romania, dealing with processing of vegetable fats, use of shortening in baking industries, and the effects of protein and amino acids in the fattening of hogs.

"Many individuals in Romanian agriculture have ex-

By Aubrey C. Robinson, staff writer, Foreign Agriculture.



A swine-feeding facility in Romania illustrates one of the sources of the demand for feedgrains. The rapid expansion in the country's livestock numbers over the last 2 years—although below planned levels—has increased this demand despite last year's record grain crops.

pressed an interest in working with other FAS market development cooperators in improving the utilization of several commodities.

"Romania will continue to be a large importer of soybeans and/or soybean meal. On the domestic side, planned soybean area for 1977 is 179,000 hectares, up from 154,000 last year, but still well below the 238,000 hectares in 1974," Svec pointed out. "One factor that has held down soybean area is yield fluctuations.

"Import requirements in the current 1977/78 marketing year are now expected to be about 200,000-300,000 tons of soybeans and about 250,000 tons of soybean meal," said Svec. This exceeds earlier estimates, following reports of a disappointing soybean crop this autumn, with yields running 18 percent lower than those of last year. Most of Romania's soybean and soybean meal imports are likely to come from the United States.

In early October, Romania purchased 200,000 tons of U.S. soybeans, slightly less than the 221,000 tons imported from the United States during calendar 1976. In 1975, Romania imported only 15,000 tons of U.S. soybeans. U.S. soybean meal exports to Romania last year rose to 98,000 tons, up from just 13,000 a year earlier.

According to Romanian reports, the country's sunflowerseed crop totaled 806,000 tons last year, compared with 728,100 in 1975. Although quality and oil content of sunflowers reportedly were not as good as usual, the crop size was exceeded only by the record 1972 outturn of 850,400 tons. This year's crop is expected to be 750,000 tons, with the decline from last year due to drought.

In 1976, Romania produced a record grain crop of 19.8 million tons, compared with 15.2 million in 1975 and the previous high of 16.9 million in 1972. Last year's wheat outturn is estimated at 6.7 million tons.

"Despite this huge wheat crop, Romania imported 677,000 tons of wheat—two-thirds from the United States—during 1976/77. This allowed Romania to export about the equivalent amount during 1976/77, and still meet domestic requirements and rebuild stocks following the disappointing 1975 crop," Svec said.

Total 1977 grain production is expected to be about 2 million tons below that of last year. High temperatures and extremely dry conditions in early July reduced corn crop prospects from an earlier anticipated 10 million tons.

With an approximate increase of 15 percent in poultry and pig numbers, Romania will need to import corn and/or sorghum in 1977/78—possibly in the range of 300,000 to 600,000 tons. The wheat crop, already harvested, reached 6.4 million tons, according to official Romanian sources. This outturn is 300,000 tons less than that of 1976 and resulted from a reduction in area.

Total U.S.-Romanian agricultural trade has expanded greatly during the seventies. From a modest $27.8 million in 1970, U.S. farm exports to Romania grew to $156.5 million in 1974, dipped to $101.1 million in 1975, and rose again to $171.6 million last year. U.S. imports of Romanian farm products, standing at $1.2 million in 1970, jumped to $14.1 million in 1974, dropped to $12.4 million in 1975, and increased to $16.1 million in 1976. The chief Romanian farm exports to the United States were canned pork and cheese.

Last year, grains and soybeans accounted for nearly 70 percent of all U.S. agricultural exports to Romania.

The value breakdown, with 1975 totals in parentheses, included: Wheat, $48.5 million ($11.8 million); soybeans, $45.3 million ($3.5 million); soybean oilcake and meal, $17.7 million ($1.9 million); grain sorghum, excluding seed, $18.1 million ($3.3 million); and whole cattle hides, $26.6 million ($9.7 million). Exports of U.S. corn amounted to $58.6 million in 1975, but fell to only $7.5 million last year in the wake of the record Romanian corn crop. □

Australia's Apple Crop, Canned Fruit Exports Up

Australia's deciduous fruit production and exports were mixed in 1976/77.

Showing increases over the previous year's levels were apple and apricot production and exports of canned fruit. Smaller were pear and peach outturns, the canned fruit pack, and exports of fresh apples and pears.

The rise in apple outturn was 33 percent, while the decrease in pear production, following a continuing downtrend, was significant. Apricot output was at the highest level in many years. And data for the first 6 months of the year indicate the increase in canned fruit exports will probably be considerable.

Because of the biennial nature of apple and pear production, the two fruits are likely to switch positions in the 1978 season, with apple production dropping and that of pears recovering somewhat. But much will depend on the weather in the coming season and the progress of the country's tree grubbing program.

Production of canned fruit is expected to remain about the same as in the current season.

Production. Substantially better than first expected, Australian apple output rose to about 365,100 metric tons in 1976/77, up from 274,830 tons the previous season, despite further tree removals under the Fruit Industry Reconstruction Program to upgrade quality.

Is was an "on-year" in all major apple producing States, but the largest production increases occurred in New South Wales, Victoria, and Queensland. Output might have even been larger had it not been for the problems that beset producers.

Shortages of picking bins and labor in New South Wales had led to over-maturity of late-picked fruit. In Victoria, some apple varieties reached maturity about a week late. Others suffered a higher than usual incidence of disease and insect infestations.

Australia's pear crops in 1976/77 were the smallest for some years and outturn made a particularly bad showing against the relatively large 1975/76 crop. Because trees were in an "off" period, total production was just 111,950 tons in 1976/77, compared with 140,140 tons a year earlier.

In Victoria, pear production was 13 percent less than in 1975/76. Size and quality was good for Bartlett and dessert pears, and Bartlett output, although small, was more than adequate to meet canners' requirements. Hail damage to Packham pears reduced the available volume for export to the United States and resulted in a larger than normal supply in the domestic market.

Despite the Government's tree removal program, which reduced total outturn, peach production in the Goulburn Valley of Victoria exceeded cannery requirements and sizable volumes were sold on the fresh market and for nectar.

Countrywide, estimated peach output is 70,000 tons, about 4,000 tons less than in 1975/76.

Australia's apricot outturn is estimated at about 31,000 tons, the result of larger crops in most producing areas. Output in the Riverland districts of South Australia is an estimated 14,900 tons, the largest since 1972/73 and nearly 3,000 tons more than in 1975/76.

A strong demand for fresh and dried apricots also helped cut deliveries to canners. Victoria had an excellent crop and New South Wales production was better than first expected and totaled 3,800 tons.

During the 1977 season, Australia's canned deciduous fruit production continued the steady decline of the past several years, reaching just 5.95 million standard cartons,[1] 3 percent below the 1976 pack and 33 percent less than 1975's. The smallest in 16 years, this year's pack was also equal to only about half the 1971 pack. Much of the drop came as canners again reduced fresh fruit intake to tailor output to market requirements and to permit a working down of excess canned fruit stocks.

The canned peach pack totaled about 2.66 million cartons, and the canned pear pack, 1.65 million. Production of canned apricots rose to 600,000 cartons because a larger volume of fresh fruit was available and marketing problems were minor. The pack of mixed fruits was maintained at the 1976 level of about 1.04 million cartons.

Marketing. Australian exports of fresh apples during the 1977 export season are expected to show a further sharp decline from those of earlier years. Exports to the European market amounted to 1.8 million bushels, compared with 2.4 million in 1976.

Because of early expectations of poor sales in the United Kingdom and Continental Europe, growers were reluctant to commit fruit to the export market, although early export returns proved the market to be much better than anticipated.

Australian apple exports to the United States were again at a low level, totaling just 4,650 cartons in 1977, compared with a more impressive 10,170 cartons in 1976. Shipments in the early 1970's were close to 300,000 cartons.

Prices on the U.S. east and west coasts were depressed this year and offered only marginal profits to exporters. In addition, few Australian shippers were prepared to take the risks involved in fumigating for light brown apple moth, as required for shipments into this country.

Although not completely tabulated, exports to other destinations in 1977 are expected to amount to 575,000 cartons, bringing total apple exports to 2.4 million cartons, down from 3.2 million in 1976.

Victoria was Australia's major pear exporting State this season and Belgium/Luxembourg the major market in Europe, and Singapore the largest elsewhere. Some 483,150 cartons were shipped to the United Kingdom and Western Europe in 1977. Total shipments were 1.2 million cartons, compared with 1.7 million a year earlier.

As in the case of apples, returns from pears on the

Based on report from Harlan J. Dirks, U.S. Agricultural Attaché, Canberra.

[1] **Canned fruit is shipped in cartons of 24 size 2½ cans weighing 45 lb, apples in 42-lb bushels or cartons, pears, 45-lb units.**

European market proved to be much better than anticipated early in the season, reaching a near-record level by its end. Smaller pear crops in other Southern Hemisphere countries and low carryovers in Europe primarily were responsible for the climb.

Pear exports to the United States and Canada were substantially smaller than first expected. Large carryovers of U.S. and Canadian pears depressed prices and hail damage in Victoria and Western Australia reduced the volume of Australian pears meeting U.S. quality specifications.

Pear exports to the United States totaled only 134,460 cartons, compared with 258,120 cartons in 1976. Exports to Canada amounted to 9,600 cartons, 3,000 cartons more than in 1976.

Although data for the full year are not yet available, exports of canned deciduous fruits during the first half of 1977 were significantly higher than for the comparable period of 1976.

January-June 1977 shipments amounted to 1.8 million cartons, compared with 1.35 million in January-June 1976. The sharpest export increase was recorded for canned pears, but there also was a significant rise in exports of canned peaches. In most instances, exports were only marginally profitable, but the export drive improved the liquidity position of many Australian fruit canners. □

GPW Opens African Office

Great Plains Wheat, Inc., an FAS cooperator, opened an African regional office in November and has appointed as its head John D. Gordley, an analyst of African affairs in GPW's Washington Office.

Michael L. Hall, president of the eight-State wheat promotion organization, who made the announcement, said the regional office would be located in Casablanca, Morocco, and would be responsible for administering Great Plains Wheat programs in north, west, central, and southern Africa.

Hall stated, "The initiation of an intensive market development program in the African region will contribute substantially toward realizing the tremendous potential for increased wheat consumption and imports of U.S. wheat."

Gordley, who has served in North Africa, will stress gathering market intelligence and information, as well as trade and technical servicing.

Great Plains Wheat, Inc., is a foreign market development organization supported by wheat producers, through their State wheat commissions in Colorado, Kansas, Nebraska, North and South Dakota, Oklahoma, Texas, and Wyoming.

In addition to the central office in Washington, D.C. and the new African Regional Office, Great Plains Wheat maintains other foreign offices in Europe, the Middle East, and Latin America.

U.S. wheat exports to Africa in 1976, totaled 3.8 million metric tons, valued at US$551.3 million. The largest single purchaser of U.S. wheat in Africa was Egypt, with purchases of 1.7 million tons worth $215.8 million. □

Large U.S. Fresh-Egg Order Shipped to Mideast Countries

An order of 50,000 cases of U.S. fresh eggs, assembled in October in Savannah, Ga., by the United Egg Producers (UEP), has been shipped to the rapidly expanding Middle East market. The UEP believes the order is the largest single shipment of this type ever made by the United States.

The shipment of medium and large eggs, consisting of 30 dozens to the case, totaled 1.5 million dozen fresh table eggs. The UEP, in conjunction with its regional members, was responsible for the procurement and coordination of the order. Some 64 truckloads of eggs, destined for four Middle East countries, came from 16 States, including Texas, Iowa, and Michigan.

Greg Murch, UEP marketing director, said that similar orders in the future depend on the success of this shipment. There are strong indications that the Mideast buyers are interested in repeat orders, he said.

"Prices received by producer members were fair market values and, compared with current prices, were very favorable to those participating in the shipment. Negotiations for the order had taken place over a period of quite some time," Murch said. Because the eggs were loaded in the ship's hold and not containerized, the dock strike did not affect loading and shipping, Murch stated.

The large sale is another benchmark in the fast-growing exports of U.S. poultry, poultry products, eggs, and egg products. These exports last year rose to a record $251 million, compared with $154 million in 1976 and $86 million in 1972. Each year since 1972, these exports have achieved a new record level of sales. Also last year, 13.3 million dozen shell eggs for table use, valued at $8 million, moved into export—an increase of 42 percent from those of 1975. □

Correction: December 5 issue, page 15, second paragraph, last two lines should read, "tons of palm oil (up 6 percent). Percentage on first line, second column, should read about 5.0.

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Abidjan Exhibit Attracts African Food Buyers

FAS held its second exhibit of the 1977/78 season with the showing of about 200 prepared food items in Abidjan, Ivory Coast, October 26-27, followed by a sales team visit to Lagos, Nigeria.

Onsite sales in Abidjan amounted to about $100,000; projected sales in the next 12 months are expected to reach $2 million.

Exhibiting were representatives of two State Departments of Agriculture, several USDA cooperators, representatives of 18 U.S. firms, and several agents.

In 1976, U.S. suppliers sold $2.2 million worth of farm products to the Ivory Coast; consumer products were $354,000. Nigerian imports of U.S. farm products were just over $150 million; of these, consumer products totaled $6.9 million. □

Scenes from the Abidjan exhibit of U.S. food products: Across top, a buffet of U.S. food items, provided by exhibitors, proved to be popular with Ivorian importers; left, Phil Williams, second from left, representing Simex International, Inc. of Greensboro, N.C., poses with Ivorian importers, who had expressed an interest in his firm's food products.